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EXECUTIVE COMMITEE OF THE
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Forty-first session

REPORT OF THE UNITED NATIONS BOARD OF AUDITORS ON THE AUDIT OF THE ACCOUNTS OF VOLUNTARY FUNDS ADMINISTERED BY UNHCR FOR THE YEAR 1989

Addendum

REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (ACABQ) TO THE GENERAL ASSEMBLY AT ITS FORTY-FIFTH SESSION

The comments and observations of the ACABQ on the Report of the Board of Auditors on the Voluntary funds administered by UNHCR for the year 1989 are contained in paragraphs 53 to 60 of the ACABQ's report to the forty-fifth session of the General Assembly, document A/45/570. Those paragraphs are reproduced below:

53. The Advisory Committee notes from schedule 1 of the UNHCR financial statements for the year ended 31 December 1989*/ that an amount of $108,699,071 has been listed as "other trust funds". The Committee was informed by the representatives of the High Commissioner that those funds are not trust funds in the traditionnal sense of the word as used in the United Nations but, rather, are special programme funds. As such, the committee recommends that, in future, UNHCR use other terminology to describe those resources.

54. As indicated in paragraph 24 of its report, the Board's examination revealed that, of the total year-end paid cash contributions, approximately 30 per cent represented cash chanelled through UNHCR to refugee programmes carried out by third parties and governed only by an exchange of letters between donor and UNHCR. The Committee recommends that, in future, such funds given to the organization be clearly identified and the purposes thereof be

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*/ Official Records of the General Assembly, Forty-fifth session, Supplement No. 5E (A/45/5/Add.5).

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stated. The Advisory Committee agrees with the Board's view that, not only should the purposes for transfer of the funds between donor and recipient through UNHCR be clearly reflected in the financial documentation, but that UNHCR should also ascertain that the purposes for which these transfers are made are consistent with the policies and objectives of UNHCR.

55. The Advisory Committee notes that the Board has called for a review of the policy governing the rotation of staff (para. 47). In view of the current difficult financial position of the organization, the Advisory Committee endorses the Board's recommendations on the subject. The Committee has also commented on this matter in the context of its report on the proposed programmes and budget of UNHCR for 1990.

56. In paragraphs 49 to 52 of its report, the Board discusses the problem of executing agencies' incurring expenditures in excess of funds. The Advisory Committee believes the recommendations of the Board of Auditors to be timely in this regard, particularly in view of the financial position of UNHCR and the overall budgetary control that needs to be exercised. The Committee endorses the Board's view that established procedures, as contained in the UNHCR manual and implementing instructions, be followed in order to ensure that UNHCR funds are disbursed in accordance with its rules and regulations.

57. In paragraphs 53 to 57 of its report, the Board discusses the question of pledges and contributions. The Advisory Committee endorses the Board's recommendation that the reporting and payment procedures be streamlined in order to obtain expeditious reimbursement from donors for food purchases and related costs (para. 56).

58. Under a memorandum of understanding between the World Food Programme (WFP) and UNHCR, when WFP provides food aid through UNHCR, the latter may claim internal transportation, storage and handling costs incurred. The Advisory Committee notes from the paragraphs 58 and 59 of the Board's report that, owing to cumbersome procedures and lack of budgetary controls, there is no adequate co-ordinated internal transportation, storage and handling information on outstanding claims. As such, the Advisory Committee believes that the recommendations of the Board contained in paragraph 60 are both timely and appropriate.

59. The Committee notes the Board's observation (para. 64) that "agreements entered into with implementing agencies did not always include a provision for the submission of certified audited accounts, nor was the provision adequately enforced". The Advisory Committee recommends that appropriate steps be taken to rectify the situation.

60. The Board reports that failure by field offices to report missing property items promptly to Headquarters persisted (para. 73). The total value of the missing items, which included three vehicles, has been reported as $61,627. The Advisory Committee shares the Board's concern in this regard, particularly in view of the Administration's response that, in relation to the total value of UNHCR property items (approximately $27 million), the loss of a vehicle was not significant (para. 76).